

have been paid shall be disbursed to the 8(a) concern. Upon receipt of the final progress payment, the Contracting Officer shall expeditiously close the Special Bank Account, executing a check withdrawing the remaining balance of the Account payable to the 8(a) concern.

(f) *Cancellation.* (1) SBA may determine that advance payments should be cancelled under appropriate circumstances, including but not limited to the following:

(i) The terms and conditions of the Advance Payment clause have not been adhered to by an 8(a) concern.

(ii) The 8(a) concern is not in compliance with its 8(a) Participation Agreement.

(iii) The 8(a) concern has been suspended pursuant to § 124.211 or has been terminated by administrative action under section 8(a)(9) of the Small Business Act, 15 U.S.C. 637(a)(9).

(2) In the event of cancellation of advance payments to an 8(a) concern, all previous advance payments made to that 8(a) concern shall become due and payable to SBA prior to the receipt of final contract payment.

[54 FR 34712, Aug. 21, 1989, as amended at 55 FR 34903, Aug. 27, 1990]

**§ 124.402 Business development expense.**

(a) Any Business Development Expense (BDE) funds received by a Program Participant prior to the expiration of the BDE program must be used exclusively for the purposes stated in the BDE approval. Use of such funds for any other purpose may be good cause for termination from the 8(a) program pursuant to § 124.209.

(b) Any Program Participant which received BDE funds prior to the expiration of the BDE program shall maintain records to substantiate the uses for which the BDE funds have been expended.

(c) In the event of default on an 8(a) contract to which BDE funds relate, the Participant shall be liable for repayment of the full amount of the BDE to SBA.

**§ 124.403 Development Assistance Program.**

(a) *General.* Section 7(j)(1) of the Small Business Act provides for financial assistance to public or private organizations to pay all or part of the cost of projects designed to provide technical or management assistance to individual or enterprises eligible for assistance under sections 7(a)(11), 7(j)(10) and 8(a) of the Small Business Act. The AA/MSB&COD is responsible for coordinating and formulating policies relating to the dissemination of this assistance to small business concerns eligible for assistance under sections 7(a)(11), 7(j)(10) and 8(a) of the Small Business Act.

(b) *Services.* (1) Section 7(j)(1–2) of the Small Business Act empowers the SBA to provide through public and private organizations the management and technical assistance enumerated in paragraph (b)(3) of this section to those individuals or concerns who meet the eligibility criteria contained in sections 7(a)(1) and 8(a) of the Small Business Act.

(2) The SBA shall give preference to projects which promote the ownership, participation in ownership, or management of small businesses owned by low-income individuals and small businesses eligible to participate in the section 8(a) program.

(3) This assistance may include any or all of the following:

(i) Planning and research, including feasibility studies and market research;

(ii) The identification and development of new business opportunities;

(iii) The furnishing of centralized services with regard to public services and Federal Government programs including programs authorized under sections 7(a)(11), 7(j)(10) and 8(a) of the Small Business Act.

(iv) The establishment and strengthening of business service agencies, including trade associations and cooperatives;

(v) The furnishing of business counseling, management training, with special emphasis on the development of management training programs using the resources of the business community, including the development of management training opportunities in

existing business, and with emphasis in all cases upon providing management training of sufficient scope and duration to develop entrepreneurial and managerial self-sufficiency on the part of the individuals served.

(4) Sections 7(j)(3) and 7(j)(9) of the Small Business Act authorize SBA to:

(i) Encourage the placement of subcontracts with small business concerns located in areas of high concentration of unemployed or low-income individuals, with small businesses owned by low-income individuals, and with small businesses eligible to receive contracts pursuant to section 8(a) of the Act. SBA may provide incentives and assistance to such business that will aid in the training and upgrading of potential subcontractors or other small business concerns eligible for assistance under sections 7(a)(11), 7(j), and 8(a) of the Small Business Act.

(ii) Coordinate and cooperate with the heads of other Federal departments and agencies, to insure that contracts, subcontracts, and deposits made by the Federal Government or with programs aided with Federal funds are placed in such a way as to further the purposes of sections 7(a)(11), 7(j) and 8(a) of the Small Business Act.

(c) *Eligibility.* (1) Eligibility for the assistance enumerated under paragraph (b) of this section above shall include, but not limited to:

(i) Businesses which qualify as small within the meaning of size standards prescribed in 13 CFR part 121, and which are located in urban or rural areas with a high proportion of unemployed or low-income individuals, or which are owned by such low-income individuals; and

(ii) Businesses eligible to receive contracts pursuant to section 8(a) of the Small Business Act.

(d) *Delivery of services.* (1) The financial assistance authorized for projects under paragraph (b) of this section includes assistance advanced by grant, cooperative agreement, or contract.

(2) To the extent feasible, services available under paragraph (b) of this section shall be provided in a location which is easily accessible to the individuals and small business concerns served.

(e) *Coordination and cooperation with other government agencies.* (1) The AA/MSB&COD may utilize the resources of other agencies and departments whenever practicable which can directly or indirectly support or augment the purposes of sections 7(a)(11), 7(j) and 8(a) of the Small Business Act.

(2) The AA/MSB&COD shall enter into agreements with Federal agencies and departments to further the objectives of sections 7(a)(11), 7(j) and 8(a) of the Small Business Act.

(3) The AA/MSB&COD shall encourage the placement of deposits made by the Federal Government, or by programs aided with Federal Funds, in such a way as to further the purposes of section 7(a)(11), 7(j) and 8(a) of the Small Business Act.

#### **§ 124.404 Small Business and Capital Ownership Development Program.**

Section 7(j)(10) of the Small Business Act establishes a Small Business and Capital Ownership Development program which shall provide additional assistance exclusively for small business concerns eligible to receive contracts pursuant to section 8(a) of Small Business Act. The management of the Capital Ownership Development program is vested in the AA/MSB&COD who is responsible for the oversight of the program and activities set forth in this part of these regulations. The development assistance described below shall be provided exclusively to those small business concerns eligible to receive contracts pursuant to section 8(a) of the Small Business Act. Such small business concerns shall be participants in the Small Business Capital Ownership Development program. This program shall:

(a) Assist small business concerns participating in the program to develop comprehensive business plans with specific business targets, objectives, and goals;

(b) Provide for such other non-financial services as deemed necessary for the establishment, preservation, and growth of small business concerns participating in the program, including but not limited to:

(1) Loan packaging,

(2) Financial counseling,